



NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY

An Authority of the State of Hawaii attached to the Department of Business, Economic Development & Tourism



BOARD OF DIRECTORS

MEETING MINUTES

Tuesday, September 15, 2020

10:00 a.m.

An Interactive Conference Technology Meeting was held at

**NELHA OceanView Conference Room
Hale Iako Building
73-970 Makako Bay Drive
Kailua-Kona, HI 96740**

and via Zoom Video Conferencing Software.

Members / Designees in Attendance

Linda Rosehill (Governor Appointee / Chair)
Diane Ley (County of Hawaii)
Robert Masuda (DLNR)
Dr. Gerry Cysewski (Tenant Representative)
Chung Chang (DBEDT)
Alan Hilton (RAC Chair)
William Mielcke (Gov. Appointee/Vice Chair)
Dr. Vassilis Syrmos (University of Hawaii)
Cyd Miyashiro (Gov. Appointee)

Guests / Staff Present

Greg Barbour (Executive Director)
Laurence Sombardier (Deputy Director)
Keith Olson (NELHA)
Daniel Jacobs (Deputy AG)
Riley Fujisaki (Representative Luke's office)
Jeff Zimpfer (National Park Service)

Board Members Not Attending and Excused

Dr. Phil Bossert (RAC Secretary)
Neil Sims (Tenant Representative)

1. Call to Order.

The meeting was called to order by Chair Rosehill at 10:07 a.m. Upon calling the meeting to order, Chair Rosehill requested a roll call of Board members, NELHA staff, and guests in attendance.

2. Approval June 30, 2020 NELHA Board of Directors' Meeting Minutes.

Chair Rosehill entertained a motion to approve the June 30, 2020 minutes. The motion was made by Director Masuda and seconded by Director Miyashiro. No discussion ensued or corrections were noted. A roll call vote was taken.

Director Ley recused herself as she did not attend this meeting. The motion carried unanimously with the noted recusal.

3. Approval June 30, 2020 NELHA Board of Directors' Executive Session Meeting Minutes.

Chair Rosehill entertained a motion to approve the June 30, 2020 Executive Session minutes. The motion was made by Director Mielcke and seconded by Director Masuda. No discussion ensued or corrections were noted. A roll call vote was taken. As noted below, Director Ley noted that she did not attend this meeting and asked to be recused. The motion carried unanimously with the noted recusal.

4. Approval August 25, 2020 NELHA Board of Directors' Meeting Minutes.

Chair Rosehill entertained a motion to approve the August 25, 2020 minutes. The motion was made by Director Mielcke and seconded by Director Miyashiro. Chair Rosehill asked if any board members objected to the minutes as written. Director Hilton asked to be recused from voting on this matter as he did not attend the August 25, 2020 meeting. Hearing no other discussion or objections, Chair Rosehill asked for a vote. went on to approve the August 25, 2020 minutes. The motion carried unanimously with the noted recusal.

5. Financial Report: Approval and Decision Making.

ED Barbour presented and overview and summary the Financial Report in the board packet (attached). Chair Rosehill called for a motion to accept the report. Director Mielcke made the motion which was seconded by Director Miyashiro. There being no further discussion or questions concerning the Financial Report, Chair Rosehill thanked NELHA and its staff for its hard work and efforts to maintain a healthy financial situation during the current COVID-19 situation. A roll call vote was then taken on the motion to accept the Financial Report as presented. The vote was unanimous.

6. Old Business.

a. None

7. New Business.

- a. Create a Special Investigative Committee for the purpose of preparing and delivering to the Board the annual performance evaluation of the NELHA Executive Director.

Director Rosehill suggested that the committee members who previously served on this committee for this purpose over the past several years be reappointed. The committee members would be Directors Mielcke and Cysewski, as well as the DBEDT Deputy Director Chung Chang. Chair Rosehill made the motion to reappoint the previous committee members to the investigative committee. The motion was seconded by Director Mielcke. There being no objection, further discussion or comments, the motion carried unanimously.

- 8. Executive Director’s Informational Status Report on ongoing projects including:** new leases; seawater system maintenance; new potable water supply update; aquaculture accelerator and investment fund initiative and grant application to extend accelerator for four additional years; renewable distributed energy resources initiative including grant applications and solicitations for microgrids, energy storage, and solar desalination; analysis HOST Park energy system; and, the grant application to the US government for damage to buildings and associated items in Kapoho, Hawaii.

ED Barbour presented and overview and summary of NELHA’s major goals and key projects timeline as contained in the Board Packet (attached) as part of the Executive Director’s Information Status Report. Chair Rosehill asked if there were any questions or comments. Hearing no further questions or comments, the report was accepted unanimously as presented.

9. Announcements.

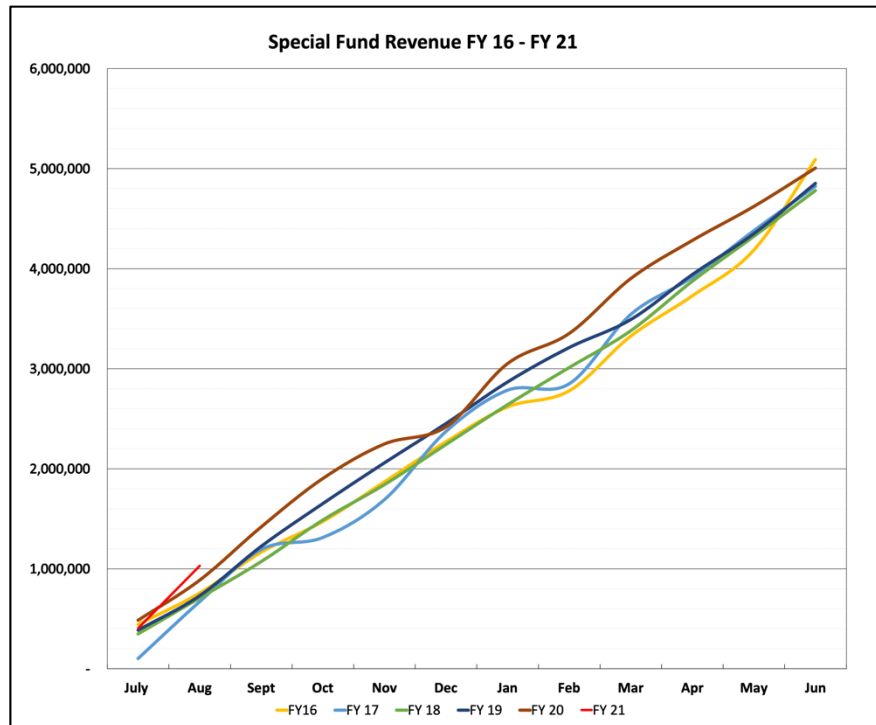
The next scheduled NELHA Board meeting will be Tuesday, November 17, 2020. There were no other announcements.

10. Adjournment.

Chair Rosehill entertained a motion at this time to adjourn the meeting. The motion was made by Director Mielcke and seconded by Director Miyashiro. There being no objection, further discussion or comments, the motion carried unanimously. The meeting was adjourned at 10:48 a.m.

NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY
Financial Report Summary

July 2020 through August 2020

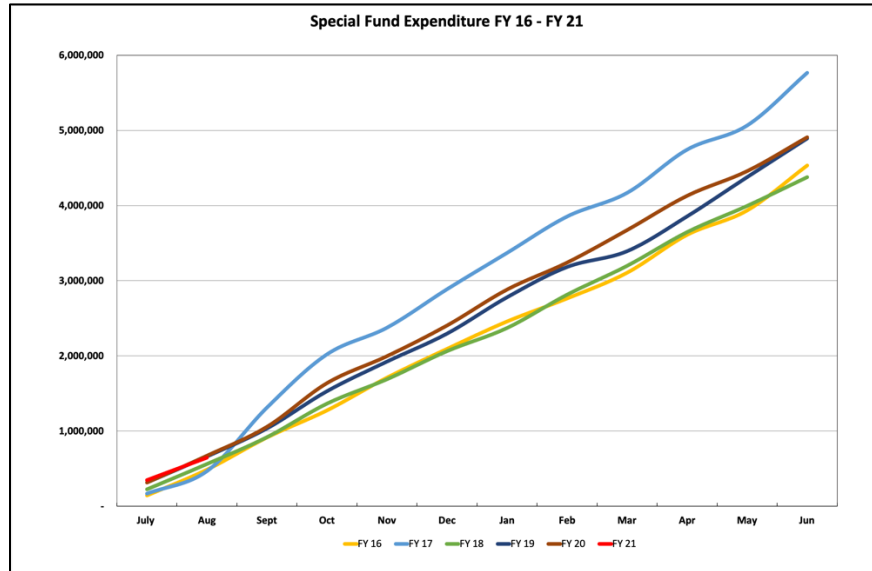


FY 2021 Revenue vs. FY 2020 Revenue:

- Total revenue was \$1,030,000 for the first two months of this fiscal year and this represents an increase of 16 percent for the same period last year. As shown on the chart above, this is the highest over the past six years. Of notice for FY21 are the following:
 - Seawater system revenue is down by 20 percent due to lower demand and lower cost of electricity.
 - Lease base rent is down significantly by \$90,000 or almost 27 percent, mainly due to collection of arrears last fiscal year of \$100,000 from Cyanotech regarding their purchase of the Cellana property lease.
 - For the Research Campus outside space revenue is up 10 percent due to several new companies and office rent is up by over \$15,000 mainly due to a late payment of arrears from one of the University clients this year.
 - No percent rent was received in the first two months of this fiscal year.

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- Labor services continues to increase and is up by over \$1,000 with additional lab services being provided to clients.
- Reimbursements for electric and freshwater are down by \$55,000 or 55 percent and \$4,000 (30%) due to lower use (demand) for both and lower electrical costs.
- Special projects revenue is up by over \$120,000 with passthrough payments from EDA for the Hatch Accelerator.
- Misc. income includes the payment from Blue Ocean Mariculture (\$225,000) for the building they recently purchased.



FY 2021 Expenditure vs. FY 2020 Expenditure:

- Total expenses for this fiscal year are down slightly as compared with the same period as last fiscal year by 4 percent or \$25,000. We continue to very closely monitor expenditures. Of note are the following:
- Seawater system expenditures are down 22 percent (\$65,000) and is due to a combination of lower demand and lower price of electricity.
- For Tenant Utilities electrical is down mainly due lower demand and the cost per kWh has gone down about 10%.
- NELHA utilities is a similar situation. Also, the PV in the research campus came online in August 2019.
- Environmental Monitoring costs increased by \$5,000 or mainly due to allocation of personnel costs amongst other categories.

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- Administrative costs are down 7% or \$15,000 as compared to the same period last year. Mainly due mainly due to allocation of personnel costs amongst other categories and not filling of vacant positions.
- Service assessments were paid late for last year and show up in this year's expenditures.

Special Fund (SF) Account Summary:

- All data is as August 31, 2020.
- Special fund balance is \$715,000 and up a healthy \$385,00 in the past two months.
- Current arrears are \$116,000 and down from \$160,000 at this time last year.
- If arrears are collected this will bring the special fund balance close to \$830,000.

Customer Revenue Report:

- Total revenue, for this time period is up 16 percent, reimbursable/pass through revenue is up 16%. Details are listed below:
- Relatively no change for the Water Bottling sector continues to decline and is now below 20% of total revenue.
- Aquaculture sector increased significantly with the payment of arrears.

Arrears Report:

- As of August 31, 2020, the arrears totaled approximately \$116,000.
- Destiny Deep Sea Water makes up a significant amount of the arrears (55%). They continue to make payments but have been unable to make their account current. They are reviewing alternative business plans and the building is for sale.

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